FRANKLIN TEMPLETON INVESTMENTS

Asset Allocation

Franklin LifeSmart™ Retirement Target Funds

A RISK-FOCUSED APPROACH TO INVESTING FOR RETIREMENT

Franklin Templeton Investments

Gain From Our Perspective®

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest asset managers. This has helped us to become a trusted partner to individual and institutional investors across the globe.

Focus on Investment Excellence

At the core of our firm, you'll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our investment teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

Strength and Experience

Franklin Templeton is a global leader in asset management serving clients in over 150 countries.*
We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us to become one of the most trusted names in financial services.

* As of 12/31/14. Clients are represented by the total number of shareholder accounts.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Franklin LifeSmart Retirement Target Funds

Designed to Address the Needs of Plan Sponsors and Investors

For Plan Sponsors

A Qualified Default Investment Alternative (QDIA)

In 2006, the Department of Labor designated target date funds as a QDIA option in Defined Contribution (DC) plans which use automatic enrollment to increase plan participation. By choosing target date funds, plan sponsors receive "safe harbor" protection from fiduciary liability, regarding the selection of the default investments.

Franklin LifeSmart Retirement Target Funds ("LifeSmart Funds") can be considered as potential QDIA options for your DC plan.

For Investors

A Simple, Risk-Focused Approach to Retirement Investing

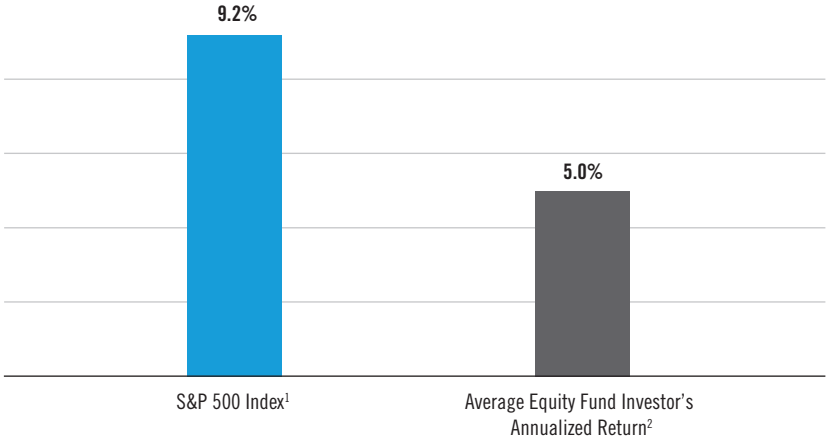
Many investors are less than confident about making important investment decisions that will guide their retirement investing plan. However, target date funds, when paired with regularly scheduled contributions, can help an investor start and maintain a disciplined investment routine.

Research shows that, for many, ill-timed exchanges *into* and *out of* investments can reduce investor returns (as shown below). With LifeSmart Funds, investors receive the benefits of having a professionally managed asset allocation fund that adjusts to both a stated retirement time horizon and changing market conditions.

DOWNSIDE OF NOT STICKING TO A PLAN

Investment Return vs. Investors' Return

20-Year Period Ended 12/31/2013



With an average annual return of 5.0%, the average equity fund investor, due to timing, earned far less than the market, as represented by the S&P 500 Index over the 20-year period shown.

For illustrative purposes only. Not representative of LifeSmart Fund performance.

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2. Source: "Quantitative Analysis of Investor Behavior, 2014," DALBAR, Inc.

Past performance does not guarantee future results.

Focused on Retirement Outcomes

Target date funds are a convenient QDIA option for plan sponsors, participants, and investors alike, but the selection of a target date fund provider is a critical decision.

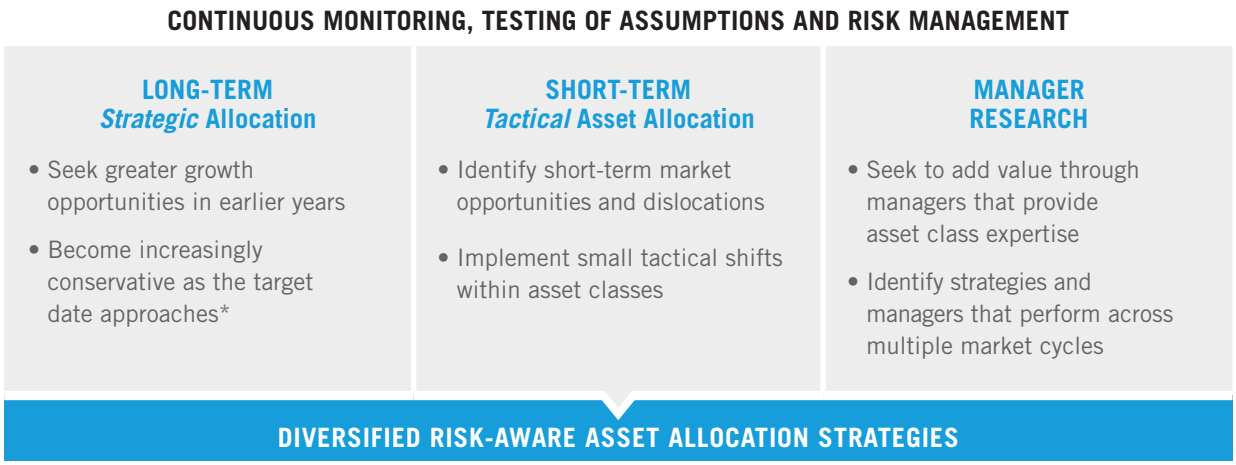
LifeSmart Funds are a suite of flexible, multi-asset products designed to balance the need to grow assets with the need to adjust to moving markets. The funds are managed by Franklin Templeton Solutions (FT Solutions), a portfolio team dedicated to asset allocation solutions within Franklin Templeton Investments, a global leader in investment management for over 65 years.

LifeSmart Funds:

- Seek the **highest level of long-term total return** consistent with their asset allocation.
- Maintain a focus on **managing risks** that could impact a fund's investments.
- Rely on an expert portfolio management team to **research, evaluate and monitor** the fund and its underlying investments.
- Allow active and flexible portfolio shifts to **react to changing market conditions**.
- Use a **diversified selection of mutual funds** managed by three specialized and independent managers—Franklin, Templeton and Franklin Mutual Series—as well as an array of third-party exchange-traded funds.

A Multi-Layer Portfolio Management Approach

With a focus on risk management, the investment team utilizes three primary capabilities on which the LifeSmart Funds are constructed and evaluated.



These three capabilities are the pillars of the LifeSmart Funds' approach. The result is an in-depth asset allocation process focused on delivering investments that seek to meet the needs of retirement investors over time.

*With the asset allocation strategy becoming increasingly conservative, the fund is at its most conservative allocation at the "landing point" (reached at target date); thereafter, this strategic asset allocation will generally become fixed.

Long-Term Strategic Allocation

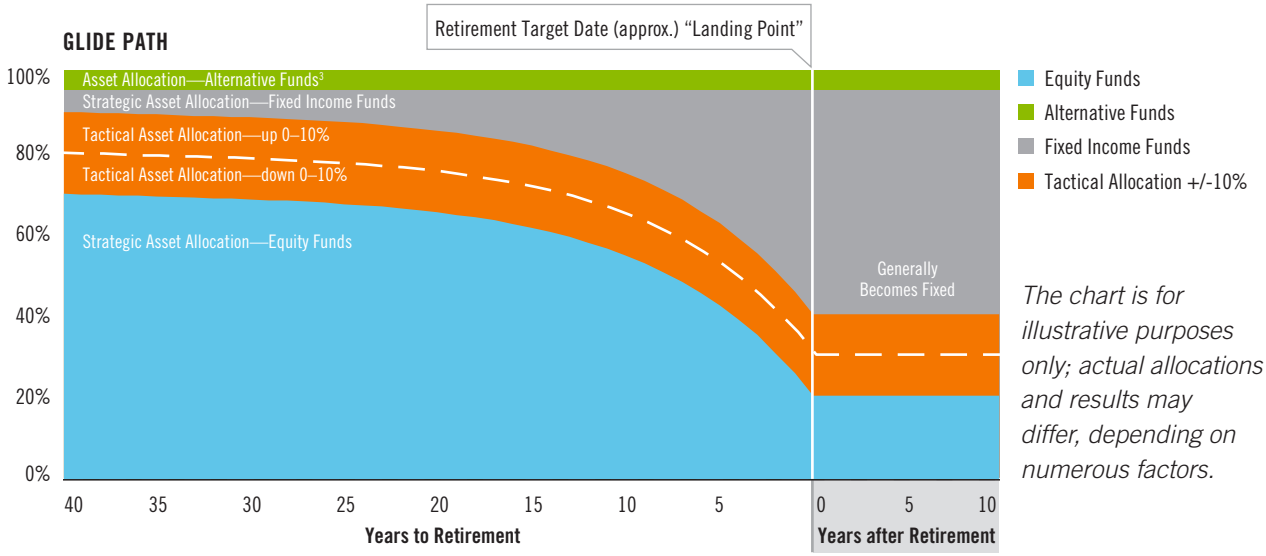
Following a Thoroughly-Tested "To Retirement" Glide Path

The LifeSmart glide path—or plan for how the funds' allocations will shift over time—is at the core of our risk management strategy.

Resulting from robust internal research and thousands of test scenarios, LifeSmart Funds follow a "to retirement" glide path. This means that LifeSmart Funds reach their most conservative allocation at each fund's target date; a critical point when investors are close to retiring and may withdraw from their accounts.

In contrast, "through retirement" glide paths used by many other target date funds only reach their most conservative allocation sometime after the funds' target dates, often many years later. This can mean a higher allocation to equities at retirement and increased risk during periods of negative market performance (as in 2008).

LifeSmart Funds: Asset Allocation Over Time



The chart is for illustrative purposes only; actual allocations and results may differ, depending on numerous factors.

At Retirement Target Date, approximate asset allocation will be:

Equity Funds	Fixed Income Funds	Alternative Funds
30%	65%	5%

Short-Term Tactical Asset Allocation

Implementing Tactical Shifts to Stay on Track and Take Advantage of Market Opportunities

Staying true to the LifeSmart glide path, the investment team continually evaluates the funds' allocations and makes adjustments based on their findings.

This risk-focused approach to portfolio management encompasses active asset allocation shifts between equities, fixed income and alternative investments, based on the measurement of the most significant risks and opportunities identified in the market.

IDENTIFY	IMPLEMENT
Short-term market **opportunities** and **dislocations**	**Tactical shifts** between asset classes (+/-10% from the strategic asset allocation)

3. The fund may allocate between 0–10% to alternative funds. It is anticipated that pro-rata adjustments will be made to the fund's equity and fixed income investment allocations to facilitate investments to alternative funds in amounts greater than or less than the target allocation of 5%.

Manager Research

Identifying Key Components for Portfolio Construction

LifeSmart Funds have access to a broad selection of mutual funds managed by three specialized and independent managers—Franklin, Templeton and Franklin Mutual Series—as well as an array of third-party exchange-traded funds (ETFs) to construct highly diversified portfolios, typically with few common holdings.

There are multiple asset classes represented within each LifeSmart Fund. This strategic combination of asset classes seeks to increase diversification and improve the risk-return profile.

A Diversified Selection of Investments

There are well over 100 investment vehicles or, asset allocation "tools," available to the LifeSmart Funds' investment team to aid in portfolio construction.

Fixed Income	Equities	Alternatives/Sectors
Can help reduce portfolio volatility and downside risk	**Can help reduce risk of outliving retirement assets**	**Can help address inflation and increase diversification**
Core	U.S. Equity	Commodities
Corporate Credit	International Equity	Infrastructure
Global Bond	Emerging Market Equity	Real Estate
High Yield	Regional	Managed Futures
Low Duration	Large Cap	Multi-Manager Alternative Strategies
Convertibles	Small Cap	
Bank Loans	Mid Cap	
Emerging Market Debt	Dividend/Equity Income	
	Sector	

A key to building a comprehensive asset allocation approach is combining inputs with a thoroughly-tested investment process. With multiple asset classes and a range of underlying investment vehicles, managed by highly-experienced investment professionals, LifeSmart Funds can be valuable tools for helping retirement-focused investors.

Diversification does not guarantee a profit or protect against a loss.

Reasons to Consider LifeSmart Funds

- **QDIA-eligible:** LifeSmart Funds can be considered for use as a default investment, consistent with Department of Labor guidance on QDIAs.[4]

- **Expertise:** LifeSmart Funds are managed by Franklin Templeton Solutions (FT Solutions), a portfolio team dedicated to asset allocation solutions within Franklin Templeton Investments, a global leader in investment management for over 65 years.

- **A "To Retirement" Glide Path:** LifeSmart Funds reach their most conservative allocation at the funds' target date, not years later.

- **Proactive Risk-Aware Approach:** The portfolio management team diligently conducts research, testing and evaluation of underlying investments and current market conditions. Based on findings, tactical asset allocation shifts may be implemented to manage opportunities and risks.

- **Broadly Diversified:** LifeSmart Funds consist of underlying mutual funds from three specialized and independent managers—Franklin, Templeton and Franklin Mutual Series—and may also include an array of third-party ETFs for additional diversification.

Selection of LifeSmart Funds

There are multiple options available to meet the needs of a wide-range of plan sponsors and investors.

Fund	Class A	Class C	Class R	Class R6	Advisor Class
			Symbols/CUSIPs		
LifeSmart 2015	FTRAX	FRTCX	FBRLX	FLMTX	FLRDX
LifeSmart 2020	FLRMX	FLRQX	FLRVX	FRTSX	FLROX
LifeSmart 2025	FTRTX	FTTCX	FRELX	FTLMX	FLRFX
LifeSmart 2030	FLRSX	FLRTX	FLRWX	FLERX	FLRZX
LifeSmart 2035	FRTAX	FTRCX	FLRGX	FMTLX	FLRHX
LifeSmart 2040	FLADX	FLOLX	FLSGX	FLREX	FLSHX
LifeSmart 2045	FTTAX	FLRIX	FLRJX	FMLTX	FLRLX
LifeSmart 2050	FLSJX	FLSKX	FLSNX	FRLEX	FLSOX

For more information regarding QDIA, LifeSmart Funds, and other retirement options, contact Franklin Templeton at (800) DIAL BEN/342-5236 or visit franklintempleton.com/QDIA.

4. Source: Department of Labor, Federal Register, Employee Benefits Security Administration, 29 CFR Part 2550, "Default Investment Alternatives Under Participant Directed Individual Account Plans; Final Rule," October 24, 2007.

WHAT ARE THE RISKS?

The investment risk of the retirement target fund changes over time as its asset allocation changes. Since the fund invests in underlying funds, which may engage in a variety of investment strategies involving certain risks, a Franklin LifeSmart Retirement Target Fund is subject to those same risks. All investments involve risks, including possible loss of principal. Principal invested is not guaranteed at any time, including at or after the fund's retirement target date; nor is there any guarantee that the fund will provide sufficient income at or through the investor's retirement. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. These and other risks are described more fully in the fund's prospectus. Investors should consult their financial advisor for help selecting the appropriate fund of funds, or fund combination, based on an evaluation of their investment objectives, retirement time horizons and risk tolerance.

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Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit ***franklintempleton.com****. Please carefully read a prospectus before you invest or send money.*

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